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FROM: Guatemala City

TO: Secretary of State

NO: 1107, June 25, 8 p.m.

PRIORITY

In meeting at private home last night Colonel Carlos Aldana Sandoval, Minister of Communications, painted a gloomy picture of present situation of Arbenz government. Among other things, he said that military situation was degenerating rapidly and Castillo Armas was rapidly gaining strength with thousands of volunteers flocking to his standard.

Meeting took place at home of Dr. Fernando Aldana, half-brother of Carlos and a reputable local physician. Only other person present was J. Herbert Wilson, local representative of PAA. Carlos Aldana told Wilson he was under great pressure from President Arbenz to have commercial air transportation restored and Wilson replied he saw no liklihood that flights could be resumed under present conditions and, as purely personal opinion, he doubted Pan American would come back to Guatemala as long as present government was in power. Aldana said he had done his duty by asking and dropped subject.

There followed discussion of political situation in which Colonel Aldana at first endeavored parrot government line that United Fruit Company was at fault for Guatemala's troubles. Dr. Aldana in effect told brother not to talk nonsense since everyone knew Fruit Company issue was secondary to problem of Communism in government. Colonel Aldana reluctantly admitted this true and said many people in the government as well as outside wished to change this state of affairs but that Arbenz was stubborn and would not give in.

Carlos Aldana then spoke disparingly of military situation. He said that Castillo Armas had taken Chiquimula and government expected fall of Zacapa momentarily. He added that Castillo's forces had at first been small but were being swelled by thousands of volunteers.

Colonel Aldana went on to say government was rapidly disintegrating into mutually hostile factions. Each one was attempting put others on spot and get out from under when government collapsed. He added that he himself had lost President's confidence and was not sure he would remain in cabinet 24 hours longer. He wept at thought of danger to his family.

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At this point Fernando Aldana added that he knew that Colonel Jose Angel Sanchez, minister of Defence, had been drunk for a week and had been taking shots to keep his nerves under control. (Embassy had previously received reports that Arbenz was personally directing military campaign.)

In evaluating this information allowance must be made for fact that Carlos Aldana has been out of favor for sometime and is not in inner circle of Arbenz advisers. He may be embittered and is obviously fearful that if he leaves government Communists will shoot him and if he doesn't resign anti-Communists will.

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